



An American Association of Utility Auditors, Inc. Company

Utility Audit Findings & Recommendations

Prepared for
Grayslake CCSD #46

May 25, 2006

Supplemental Report of Waste Findings

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EXECUTIVE SUMMARY

Grayslake CCSD #46 contracted with the American Association of Utility Auditors (AmAudit) to perform an audit of its costs for electricity, natural gas, and telecommunications. In the cost audit we examine the current vendor(s) and/or utilities billings, all applicable contracts, utility service infrastructure, and all applicable tariff rates for errors. Our primary function is to critically examine the current vendors' and/or utility's costs for service to determine if there are lower cost. In addition, AmAudit canvasses alternative vendors to determine if lower cost alternatives to current vendors and/or utilities are available.

It should be noted that often vendors and/or utilities attempt to obfuscate our findings by providing their own version of a cost audit; and it has been our experience that the audit information provided is generally self-serving and is not inclusive of lower cost competitor rates or other beneficial competitor programs. Further, vendors and/or utilities may seek ways to avoid liability for past errors which often are found in the process of completing our audit.

The following are the findings of our audit based on information supplied by the client and, where necessary, the applicable vendors and/or utilities.

Waste Hauling Service Findings:

We reviewed one waste hauling service provided by Waste Management. Below is the assessment of the \$98.67 monthly savings possible by authorizing our findings.

Summary of Waste Audit Findings & Recommendations				
	Carrier	New Carrier	Monthly Savings	24 Month Savings
Waste Service	Waste Management	Onyx Waste Services	\$98.67	\$2,368.14
Totals:			\$98.67	\$2,368.14

AUDIT SCOPE

Major Areas of Concentration

The main areas of examination in our audit are included but not limited to those items listed below:

Review of Client Energy bills

- Legal review of existing contracts and utility tariffs for any and all obligations to establish the cost basis for billing.
- Comparison of contractual and tariff cost basis to actual billing for the purpose of identifying overcharges, rate errors, misapplication of state and local taxes, usage discrepancies, and improper surcharges or fees.
- Identification of all client and vendor/utility obligations to ensure compliance.

Review of Client Telecommunications bills

- Legal review of existing telecom contracts for any and all obligations to establish the cost basis for billing.
- Review of client telecom bills for costs for voice, data, frame relay, Internet and private data circuits.
- Customer Service Records from the carriers were examined for improper USOC code charges, line circuit charges and other billed service items.
- Random call audits are undertaken to identify actual international, interstate, intrastate and intralata rates where applicable.
- Spreadsheets are developed identifying all overcharges, rating errors, line charge errors, misapplication of federal, state, and local taxes, charges on terminated circuits, redundant circuit charges, improper surcharges and minimum contract commitment charges and all other billing and service errors.

Findings Review:

- Identification of credits for billing and/or infrastructure configuration
- Identification of future or forward savings in costs and usage.
- Identification of potential cost savings through alternative vendors.

Current Infrastructure

Existing Vendors

Waste Hauling Service

Waste Management

Waste Service Findings

Waste Service

We originally reviewed your waste hauling services in February 2006 and our recommendation was to allow "AmAudit to go out for bid in late spring (April-May) for service beginning August 1, 2006."

As noted in our first report we did review your current rates against those in the Northwest suburban market and found them very competitive. Your solid waste rate is between \$3.02 and \$3.30 per cubic yard, well below the \$4.50 average.

One area of concern was the fuel surcharge. No one can deny the cost of fuel in the past months has risen out of sight but Grayslake is paying Waste Management over \$200 per month in fuel surcharges. Normally waste haulers waive this fee for municipalities but they haven't for your school district.

Taking the earlier report into consideration and with your approval we proceeded to request bids from the major waste vendors servicing the Grayslake area and are pleased to submit the lowest for your consideration:

(We incorporated Woodview in this process but since their contract automatically renewed through January 5, 2007 any new service for this facility needs to be put on hold until the service agreement expires.)

The chart below lists your Waste Management charges (rates and fuel surcharges) from your November 1, 2005 invoice plus rates from the lowest bidder: Onyx Waste Service. (Onyx has waived any fuel surcharges.) (Auth W1)

Location	Service	WM Charges	Onyx (Year 1)	Onyx (Year 2)
Avon 35275 Hwy 83	1/8cy /3x 2/96gal/1x	\$361.27	\$306.00	\$316.00
Jr. High 440 Barron Blvd	1/8cy/3x 1/4cy/3x 2/96gal/1x	\$568.52	\$504.00	\$520.00
Woodview 340 Alleghany Rd	1/6cy/3x 2/96gal/1x	\$285.06	\$259.00	\$268.00
Westlake Christian 275 Lake St	1/6cy/3x 2/96gal/1x	\$285.06	\$259.00	\$268.00
Meadowview 291 Lexington Dr	1/6cy/3x 2/96gal/1x	\$285.06	\$259.00	\$268.00
Frederick 595 Frederick Rd	1/8cy/3x 2/96gal/1x	\$322.37	\$306.00	\$316.00
Prairie View 103 Belvidere Rd	1/8cy/2x 2/96gal/1x	\$232.42	\$306.00	\$316.00
		\$2,339.76	\$2,199.00	\$2,272.00

Location	Service	Savings (Year 1)	Savings (Year 2)
Avon 35275 Hwy 83	1/8cy /3x 2/96gal/1x	\$55.27	\$45.27
Jr. High 440 Barron Blvd	1/8cy/3x 1/4cy/3x 2/96gal/1x	\$64.52	\$48.52
Woodview 340 Alleghany Rd	1/6cy/3x 2/96gal/1x	\$26.06 [†]	\$17.06
Westlake Christian 275 Lake St	1/6cy/3x 2/96gal/1x	\$26.06	\$17.06
Meadowview 291 Lexington Dr	1/6cy/3x 2/96gal/1x	\$26.06	\$17.06
Frederick 595 Frederick Rd	1/8cy/3x 2/96gal/1x	\$16.37	\$6.37
Prairie View 103 Belvidere Rd	1/8cy/2x 2/96gal/1x	(\$73.58)	(\$83.58)
		\$140.76	\$67.76

Based on the bid submitted by Onyx Waste Services, we estimate the following savings:

First Year

Projected monthly savings (August – December, 5 months)

$$(\$140.76 - \$26.06^{\dagger} = \$113.94)$$

	\$ 113.94
	x 5 mo.
Subtotal	\$ 569.70

Projected monthly savings (January – July, 7 months)

	\$ 140.76
	x 7 mo.
Subtotal	\$ 985.32

	\$ 569.70
	+ 985.32
Total First Year Savings	\$1,555.02

Second Year

Projected monthly savings (August - July, 12 months)

	\$ 67.76
	x 12
Total Second Year Savings	\$ 813.12

	\$1,555.02
	+ 813.12
Projected Two Year Savings	\$ 2,368.14

[†] Woodview location under contract until 12/1/06

Authorizations

AUTHORIZATIONS

Grayslake CCSD #46 hereby authorizes AmAudit to make the following changes:

Please Initial Each Change and sign below.

<u>Waste</u>	<u>Monthly Savings</u>
W1. p6 Implement new Onyx Waste contract (Monthly savings based on projected two year savings of \$2,368.14)	\$98.67 _____

Company or Entity: Grayslake CCSD #46

Signature: _____ Date: _____

Printed Name: _____

Title: _____

Note:

[illegible]

Confirmation Report - Memory Send

Date & Time: Jun-06-2006 03:01pm

Tel line :

Machine ID :

Job number : 112
Date & Time : Jun-06 02:58pm
To : 18472498195
Number of pages : 007
Start time : Jun-06 02:58pm
End time : Jun-06 03:01pm
Pages sent : 007
Status : OK

Job number : 112

*** SEND SUCCESSFUL ***

**Community Consolidated
School District 46**

ISC • 450 N. Barron Blvd. • Grayslake, IL 60030 • Fax (847) 223-0147

The mission of School District 46 is to pursue excellence to shape the future

FAX COVER SHEET

Date: 6/6/06

To: KEN FALKINHAM

Fax: 847 249-8195

From: Marlo Richardson

Phone: 847-543-5845

Number of pages (including cover sheet):

Comments:

AS PER

If there is a problem in the transmission of this document, please contact the sender at the number shown above.

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Onyx Waste Services, Inc. - SERVICE AGREEMENT

Division: Waukegan 2230 Ernie Krueger Cir Wkgn 847/623-3870

Account #: NEW Site #: 1 Service #: 1 Reason Code NC-New Bus Comp Long Term
☒ New Account ☐ New Site ☐ Change ☐ Increase ☐ Decrease ☐ Reinstate

Customer Master

Customer Name: COMMUNITY CONSOLIDATED SCHOOL DISTRICT 46
Billing Address: 565 FREDERICK ROAD City: GRAYSLAKE State: IL Zip: 60030-
Telephone #: (847) - Fax #: () - Contact Name: DANIEL J. AGGEN
Multiple Sites? ☐ No ☒ Yes Bill to ☒ Master ☐ Site Contract/Service Agreement #
Contract Date 05/26/06

Site

Site Name (if different): (7) SERVICE LOCATIONS - GRAYSLAKE AVON, GRAYSLAKE JR. HIGH, WOODVIEW
ELEMENTARY, WESTLAKE CHRISTIAN, MEADOWVIEW, FREDERICK, AND PRAIRIE VIEW
Site Address: VARIOUS City: GRAYSLAKE State: IL Zip: 60030-
Telephone #: () - Fax #: () - Contact Name:
Purchase Order #

Service

New Service

Select Type	Qty	Size/ Yard	Com Y/N	Cust. Own Y/N	Select Charge Type & Rate	Yardage Rate	Other Charges	Freq.	Service Day(s) (Optional)
A1-Trash R/L Com	1	8	N	N	Period Billing 291.00	16.00 EXTRA		3	
A3-Recy R/L Com	2	90G	N	N	Period Billing 15.00	10.00 EXTRA		1	

Start Service Date: 08/01/06 Billing Date: 08/01/06 Billing Cycle: (Select One)
Container Information: ☐ Delivery ☐ Removal Schedule Date: / / Est. Mo. Rev.

Previous Service

Select Type	Qty	Size Yard	Com Y/N	Cust. Own Y/N	Select Charge Type & Rate	Yardage Rate	Other Charges	Freq.	Service Day(s) (Prior)

Driver Notes: (7) SERVICE LOCATIONS AND PRICE SCHEDULE FOR (24 MONTH) SERVICE TERM WITH NO AUTO
RENEWAL
Internal Notes: NO ADDITIONAL ENERGY CHARGE. LOCKS AND CHAINS AT \$50.00 PER SET.

Terms and Conditions are on reverse side. This is a legally binding contract. The undersigned acknowledges that he/she has read and understands the terms and conditions as set forth on the reverse side and that he/she has the authority to sign on behalf of the customer.

Customer: ☒ CCSD #46 Onyx Representative: Nancy Willems

Authorized Signature: Daniel Aggen Signature: _____

Title: ☒ BUSINESS MANAGER Date: 6/5/06 Title: Account Representative

CONTRACTOR'S DUTIES. Contractor agrees to furnish the solid waste collection, disposal, and/or recycling services and equipment specified.

EQUIPMENT USE AND OPERATION.

- A. All equipment furnished by Contractor for use by Customer which Customer has not purchased shall be in the possession and control of Customer but shall remain the property of Contractor and Customer shall have no ownership rights to such equipment.
- B. Customer shall be responsible for the cleanliness and safekeeping of the equipment. Customer shall use the equipment only for the proper purposes for which it is intended and shall not overload the equipment or make any alterations or improvements to the equipment. Customer shall be liable to Contractor for loss or damage to the equipment in excess of reasonable wear and tear.
- C. Customer agrees to indemnify, defend and hold harmless Contractor against all claims, damages, suits, penalties, fines and any other liability for injury or death to persons or loss or damage to property or the environment arising out of Customer's use, operation or possession of the equipment.

COLLECTIONS.

- A. On collection day(s) Customer shall provide unobstructed access to the equipment. If the equipment is inaccessible, Contractor will attempt to notify Customer, Contractor shall be excused from completing said collection and any additional collection service or attempts to provide such service shall be charged as an "extra pick-up" subject to a surcharge of double the otherwise applicable rate. For purposes of this provision, inaccessibility shall include (without limitation) Contractor's inability to make a collection because of wrongfully parked vehicles or snow/ice accumulations.
- B. If contractor fails to make a scheduled collection, for any reason other than inaccessibility or causes beyond Contractor's control, Customer, in lieu of any other remedy, shall notify Contractor in writing by Certified Mail that a collection has not been made. Unless otherwise excused, Contractor shall perform said collection within twenty-four (24) hours of receipt of written notification.

TERM. Customer agrees that Contractor shall have the exclusive right to collection and disposal of all the Customer's solid waste materials and recyclable materials for an initial term of three (3) years from the Effective Date and for any renewal term. This Agreement shall be automatically renewed for like three (3) year terms unless either party gives written notice of termination by Certified Mail to the other at least sixty (60) days but not more than one hundred twenty (120) days prior to the termination of the initial term or any renewal term then in effect. In the event the Customer has an existing agreement with a different service provider, the effective date of this Agreement shall be the first renewal date of the existing agreement. At the completion of the initial term or a renewal term, Customer agrees to give Contractor written notice of any offer received from other service providers for like services and grants Contractor the right to match other offers.

EARLY TERMINATION BY CUSTOMER. In the event Customer terminates this Agreement other than as provided above, Customer shall pay to Contractor, as liquidated damages, an amount equal to fifty percent (50%) of the Average Monthly Charge multiplied by the number of months remaining in the term. The Average Monthly Charge is: (a) the average of charges, including equipment charges, for six (6) months preceding termination; or (b) if terminated less than six (6) months into the term, the average of charges since the Effective Date; or (c) if terminated before any charges, the billing rate.

WASTE MATERIAL.

- A. Customer represents and warrants that the waste material to be collected and transported by Contractor pursuant to this Agreement is solid waste generated by Customer, and will not contain lead acid batteries, fluorescent and incandescent lamps and/or ballasts, appliances, yard waste, radioactive waste, medical waste or flammable, explosive or "hazardous material".
- B. The term "hazardous material" as used in this Agreement shall include any waste listed or characterized as hazardous or toxic by federal, state or local laws and regulations.
- C. At Contractor's request Customer shall provide, at Customer's expense, a chemical characterization of the waste to be collected and transported by Contractor. Customer covenants that it will notify Contractor, in advance, of any change in the waste collected by Contractor.
- D. Contractor may reject and return to Customer at Customer's expense any waste material which Contractor has not agreed to collect under this Agreement.

CHARGES AND PAYMENT.

- A. Customer shall pay Contractor on a monthly Basis for the services provided by Contractor (including all charges for collection and disposal and for equipment use and maintenance) in accordance with the Schedule of Charges shown. Customer agrees to pay Contractor for any extra waste collected in the immediate area of equipment, at the extra yardage rate than in effect. Further, recyclables contaminated with other items will be disposed of at the extra yardage rate. Payments shall be made by Customer within ten (10) days after receipt of an invoice from Contractor. A service charge of 1.5% per month will be applied on past due balances.
- B. Customer shall be liable for all taxes, fees or other charges imposed upon the collection and/or disposal of Customer's waste materials by federal, state, or local laws and regulations. Payment shall be made by Customer within ten (10) days after receipt of an invoice from contractor.
- C. Customer shall pay all reasonable fees and costs (including reasonable attorney's fees) incurred by Contractor in enforcing provisions of this Agreement.
- D. Contractor may suspend service or remove the equipment if payment is late, without prejudice to any of Contractor's other rights. Suspension of service or removal of equipment due to non-payment shall not constitute termination of this Agreement by Contractor.

RATE CHANGES.

- A. Contractor may pass on actual increases in landfill rates and/or increased costs of transportation to an alternate landfill site immediately upon such cost being incurred by Contractor.
- B. Contractor may adjust the rate to be charged hereunder annually to reflect the percentage increase in the U.S. city average Consumer Price Index for All Urban Consumers (CPI-U), published by the U.S. Department of Labor, Bureau of Labor Statistics.
- C. Contractor may also adjust the rates hereunder in any amount in excess of such percentage increase with Customer's approval upon thirty (30) days notice from the Contractor prior to the effective date of the adjustment. Rate acceptance shall be evidenced by the practices and actions of the parties.
- D. Changes in the rates, the size and amounts of equipment, and the frequency of service may be agreed to orally or in writing by the parties without affecting the validity of this Agreement. This Agreement shall continue in effect for the term provided herein and shall apply to changes in service address location (s) or additional service location(s) of Customer within the area in which Contractor provides collection service.

DRIVEWAYS AND PARKING AREAS. Customer warrants that any right of way provided by Customer from Customer's equipment location to the most convenient public way is sufficient to bear the weight of all of Contractor's equipment and vehicles reasonably required to perform the service herein contracted. Contractor shall not be responsible for damage to any private pavement or accompanying subsurface of any route reasonably necessary to perform the services herein contracted.

OVERWEIGHT ROLL-OFF CONTAINERS. Customer shall not overload roll-off containers provided by Contractor. In the event an overweight fine is sustained by Contractor as a result of transporting a roll-off container loaded by Customer. The cost of said overweight fine shall be paid by Customer.

BINDING EFFECT. This Agreement is a legally binding contract on the part of both Contractor and Customer and their respective heirs, representatives, successors and assigns in accordance with the terms and conditions set out herein.

FORCE MAJEURE. If, and to the extent that either party is precluded from performing its duties and obligations under this Agreement as the result of acts of God, authority of laws, strikes, lockouts, labor disputes, riots or other causes beyond its control, such non-performing party shall be excused to the extent that its performance continues to be precluded by such acts.

ASSIGNMENT. Customer may not assign its rights and/or obligations under this Agreement without the prior written consent of Contractor, which consent may be withheld in Contractor's sole discretion.

Vendor's Bid Form

BID REQUIREMENTS

- 1) Two year (24 months) service agreement.
- 2) Guaranteed rates (no add-on cost except those listed below).
- 3) No automatic renewal clause.
- 4) This form (completed) to be included as attachment to service agreement.

BILLING ADDRESS

Community Consolidated School District 46
Lake County
Attn: Daniel J. Aggen, CSBO
Business Manager
565 Frederick Road
Grayslake, IL 60030

START DATE: August 1, 2006

1. SERVICE ADDRESS

Grayslake-Avon
35275 Highway 83
Lake Villa, IL 60045

Year	Service*	Size	Number	Type	Frequency	Service Days	Rate per month	Extra per yard	Additional cost and/or restrictions
1	Solid Waste	8 cy	1		3x week		\$291	\$16	
2	Solid Waste	8 cy	1		3x week		\$300	\$16	
1	Recycle (Co-mingle)	96 gal	2		1x week		\$15	\$10	
2	Recycle (Co-mingle)	96 gal	2		1x week		\$16	\$10	

2. SERVICE ADDRESS

Grayslake Jr. High
440 N. Barron Blvd.
Grayslake, IL 60030

Year	Service*	Size	Number	Type	Frequency	Service Days	Rate per month	Extra per yard	Additional cost and/or restrictions
1	Solid Waste	8 cy	1		3x week		\$291	\$16	
2	Solid Waste	8 cy	1		3x week		\$300	\$16	
1	Solid Waste	4 cy	1		3x week		\$198	\$16	
2	Solid Waste	4 cy	1		3x week		\$204	\$16	
1	Recycle (Co-mingle)	96 gal	2		1x week		\$15	\$10	
2	Recycle (Co-mingle)	96 gal	2		1x week		\$16	\$10	

3. SERVICE ADDRESS

Grayslake Woodview Elementary
340 Alleghany
Grayslake, IL 60030

Year	Service*	Size	Number	Type	Frequency	Service Days	Rate per month	Extra per yard	Additional cost and/or restrictions
1	Solid Waste	8 cy	1		3x week		\$244	\$16	
2	Solid Waste	8 cy	1		3x week		\$252	\$16	
1	Recycle (Co-mingle)	96 gal	2		1x week		\$15	\$10	
2	Recycle (Co-mingle)	96 gal	2		1x week		\$16	\$10	

4. SERVICE ADDRESS

Westlake Christian
275 Lake St.
Grayslake, IL 60030

Year	Service*	Size	Number	Type	Frequency	Service Days	Rate per month	Extra per yard	Additional cost and/or restrictions
1	Solid Waste	8 cy	1		3x week		\$244	\$16	
2	Solid Waste	8 cy	1		3x week		\$252	\$16	
1	Recycle (Co-mingle)	96 gal	2		1x week		\$15	\$10	
2	Recycle (Co-mingle)	96 gal	2		1x week		\$16	\$10	

5. SERVICE ADDRESS

Meadowview
291 Lexington Dr.
Grayslake, IL 60030

Year	Service*	Size	Number	Type	Frequency	Service Days	Rate per month	Extra per yard	Additional cost and/or restrictions
1	Solid Waste	8 cy	1		3x week		\$244	\$16	
2	Solid Waste	8 cy	1		3x week		\$252	\$16	
1	Recycle (Co-mingle)	96 gal	2		1x week		\$15	\$10	
2	Recycle (Co-mingle)	96 gal	2		1x week		\$16	\$10	

6 SERVICE ADDRESS

Frederick
595 Frederick Rd.
Grayslake, IL 60030

Year	Service*	Size	Number	Type	Frequency	Service Days	Rate per month	Extra per yard	Additional cost and/or restrictions
1	Solid Waste	8 cy	1		3x week		\$291	\$16	
2	Solid Waste	8 cy	1		3x week		\$300	\$16	
1	Recycle (Co-mingle)	96 gal	2		1x week		\$15	\$10	
2	Recycle (Co-mingle)	96 gal	2		1x week		\$16	\$10	

7. SERVICE ADDRESS

Prairie View
103 Belvidere Rd.
Grayslake, IL 60030

Year	Service*	Size	Number	Type	Frequency	Service Days	Rate per month	Extra per yard	Additional cost and/or restrictions
1	Solid Waste	8 cy	1		2x week		\$291	\$16	
2	Solid Waste	8 cy	1		2x week		\$300	\$16	
1	Recycle (Co-mingle)	96 gal	2		1x week		\$15	\$10	
2	Recycle (Co-mingle)	96 gal	2		1x week		\$16	\$10	

These bid rates expire _____ unless a signed service agreement is in place by expiration date.

Hauler name Dryx Waste Services
Address 2230 Ernie Krueger Circle
City Waukegan State IL Zip 60087
Telephone 847-623-3870 Fax 847-623-9417
Contact Sharon Minneci Title Sales Manager

Please complete and fax this page to The Rosenthal Group (413.521.5739) by the deadline noted on front page of this form.

* Locks and Chains \$50.00 per set one time fee.

AUTHORIZATIONS

Grayslake CCSD #46 hereby authorizes AmAudit to make the following changes:

Please Initial Each Change and sign below.

Waste**Monthly Savings**

W1. p6 Implement new Onyx Waste contract
(Monthly savings based on projected two year savings of
\$2,368.14)

\$98.67



Company or Entity: Grayslake CCSD #46

Signature: _____



Date: _____

6/5/06

Printed Name: _____

DANIEL AGGEN

Title: _____

BUSINESS MANAGER